

Performance Funding Changes

AND PER UNIT VALUES

Indiana Commission for Higher Education
February 2020



INDIANA COMMISSION *for*
HIGHER EDUCATION
www.che.IN.gov

2021-2023

COMMISSION BUDGET RECOMMENDATION DEVELOPMENT TIMELINE

- **February** - Review of PFF Changes & Per Unit Values (*B&P Committee*)

- **March** - Vote on Per-Unit Values for Performance Funding (*Full Commission*)

- **March** - Begin confirmation of Student-Level Performance Funding Data (*Institutions*)

FEB - MARCH 2020

- **June** - Performance Funding Data Due (*Institutions*)

- **June** - Review of Initial Performance Funding Results (*CHE Staff*)

- **June** - Establish Overall Performance Funding Percent (*B&P Committee*)

- **July** - Evaluate performance on metrics against per-unit amounts (*B&P Committee*)

JUNE - JULY 2020

- **September & October** - Institutions Present Budget Request to Commission (*Institutions, Full Commission*)

- **September & October** - Develop & Present Budget Recommendations to B&P Committee (*Staff and B&P Committee*)

- **November** - Vote on Budget Recommendations (*Full Commission*)

SEPT - NOV 2020

- **December** - Commissioner & CFO Present Budget Recommendations to State Budget Committee

- **January** - Commissioner & CFO Present Budget Recommendations to House Ways & Means

- **February/March** - Commissioner & CFO Present Budget Recommendations to Senate Appropriations

DEC 2020 - MARCH 2021

- **Commissioner** and Commission staff work with the General Assembly and State Budget Agency to finalize Higher Education Budget within the State Budget Bill

JAN - MAY 2021



BACKGROUND OF PERFORMANCE FUNDING

- ▶ In 2003, performance funding was established with a research incentive and primarily based on enrollment change
- ▶ In 2007, the formula became student-outcome driven
- ▶ In 2013, enrollment change measures were removed



EVOLUTION OF PERFORMANCE FUNDING

PAYING FOR
WHAT WE
VALUE

2003-2019

2003	2005	2007	2009	2011	2013	2015	2017	2019
Enrollment Change (credit hours enrolled)	Enrollment Change (credit hours enrolled)	Enrollment Change (credit hours enrolled)	Enrollment Change (successfully completed credit hours)	Enrollment Change (successfully completed credit hours)				
Inflation Adjustments	Inflation Adjustments	Inflation Adjustments		Enrollment Change Dual Credit (successfully completed credit hours)				
					Student Persistence Incentive	Student Persistence Incentive	Student Persistence Incentive	Student Persistence Incentive
					Remediation Suc- cess Incentive	Remediation Suc- cess Incentive	Remediation Suc- cess Incentive	
Equity Adjustment	Equity Adjustment	Equity Adjustment						
Plant Expansion/Leases								
Research Support Incentive	Research Support Incentive	Research Support Incentive	Research Support Incentive	Research Support Incentive				
		Change in Number of Degrees	Change in Number of Degrees	Change in Number of Degrees	Change in Number of Degrees/Certificates	Change in Number of Degrees/Certificates	Change in Number of De- grees/Certificates	Change in Number of De- grees/Certificates
			Low-Income Degree Completion	Low-Income Degree Completion	At-Risk Student Degree Completion	At-Risk Student Degree Completion	At-Risk Student Degree Completion	At-Risk Student Degree Completion
					High-Impact Degree Completion	High-Impact Degree Completion	High-Impact Degree Completion	STEM (Science, Technology, Engineering, Math) Degree Completion
		Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate	Change in On-Time Graduation Rate
					Institution Defined Productivity Metric	Institution Defined Productivity Metric		
		Two-Year Transfer Incentive	Two-Year Transfer Incentive					
			Workforce Development Incentive (funding non-credit coursework)					

2019 CHANGES

- ▶ Expanded high impact to all institutions and renamed to STEM metric
- ▶ Remediation metric was removed
- ▶ Removed degree stacking
- ▶ Converted persistence to a rate-based metric
- ▶ Converted at-risk metric to a composite metric

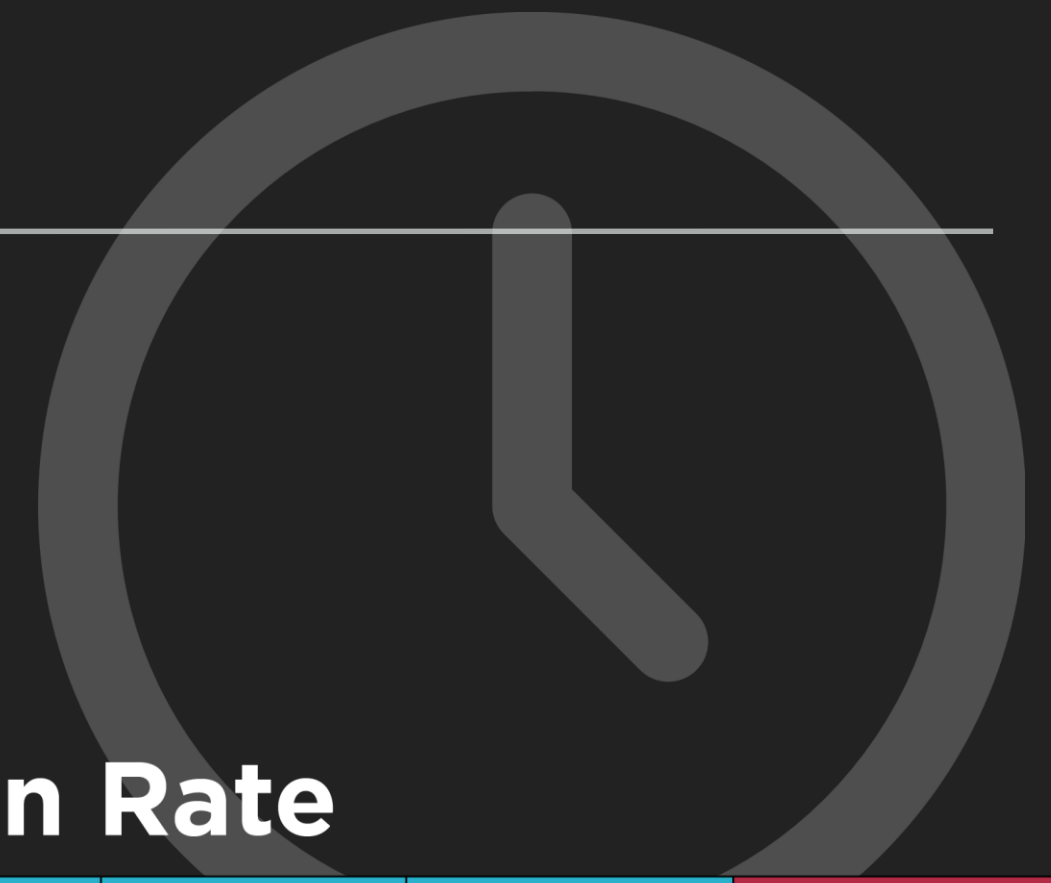


STATEWIDE OVERALL DEGREE COMPLETION

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10 Year % Increase
18-29 Credit Hour	1,119	2,186	1,948	1,682	1,951	1,705	1,792	1,851	2,764	4,182	273.73%
1 Year Certificates	2,683	3,318	2,021	2,567	4,125	4,356	5,239	7,573	9,262	9,565	256.50%
Associate Degrees	8,676	9,665	10,090	10,528	11,437	11,520	11,067	10,791	10,793	10,872	25.31%
Bachelor's Degrees	21,089	22,474	29,638	30,700	30,869	32,025	32,015	32,817	33,060	33,127	57.08%
Master's Degrees	4,747	4,854	9,142	9,458	9,343	9,040	9,251	9,952	10,140	10,900	129.62%
Doctoral Degrees	828	830	2,129	2,156	2,197	2,292	2,199	2,243	2,248	2,279	175.24%
Grand Total	38,023	41,141	54,968	57,091	59,922	60,938	61,563	65,227	68,267	70,925	86.53%



STATEWIDE ON-TIME RATES

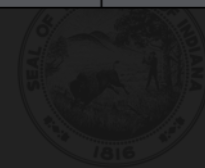


Statewide On-Time Graduation Rate

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	10 Year % Increase
Public, 2-year (Associate Only)	4.49%	4.51%	3.84%	3.44%	4.47%	6.76%	7.28%	10.25%	11.31%	12.44%	176.85%
Public, 4-year or above (Bachelor's Only)	26.01%	26.95%	27.86%	29.91%	31.60%	32.04%	36.19%	39.05%	42.09%	44.79%	72.19%
Grand Total	30.50%	31.45%	31.69%	33.35%	36.07%	38.80%	43.47%	49.30%	53.41%	57.23%	87.61%

Statewide On-Time Completers

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	10 Year % Increase
Public, 2-year (Associate Only)	370	480	534	474	421	584	617	837	891	939	153.78%
Public, 4-year or above (Bachelor's Only)	5780	6052	6395	6988	7417	7433	8238	8602	9451	10329	78.70%
Grand Total	6150	6532	6929	7462	7838	8017	8855	9439	10342	11268	83.22%



STATEWIDE AT-RISK DEGREE COMPLETION

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10 Year % Increase
18-29 Credit Hour	166	532	1,023	1,016	971	956	999	936	1,156	1,164	601%
1 Year Certificates	695	1,016	1,015	1,548	1,975	2,284	2,458	3,371	3,538	3,239	366%
Associate	2,725	3,891	4,053	5,059	4,619	4,744	5,246	4,622	4,523	4,097	50%
Bachelor's	4,984	6,192	6,483	7,699	7,758	7,945	7,675	7,534	7,715	7,483	50%
Grand Total	8,570	11,631	12,574	15,322	15,323	15,929	16,378	16,463	16,932	15,983	86%



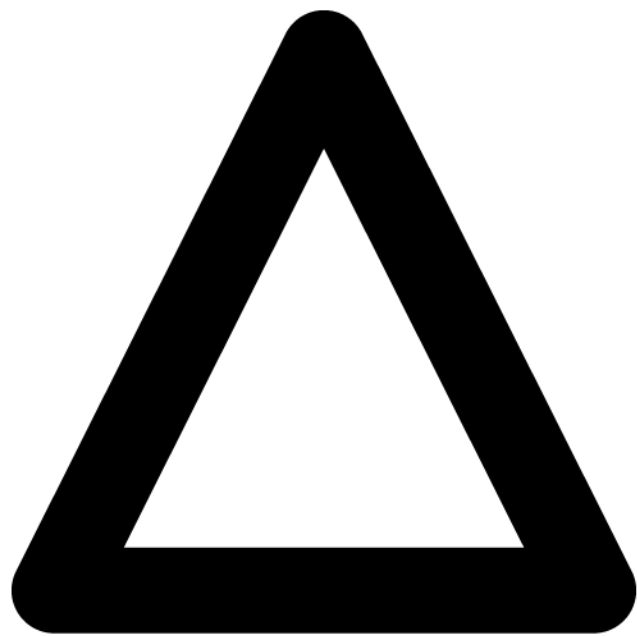
RATE OF CHANGE

2014, 2015, 2016

AVERAGE

2017, 2018, 2019

AVERAGE



= UNITS



2021 PROPOSED PFF CHANGES

Overall Degree Completion Metric – 75% Overall Completion Rate Bonus

Issue: It is challenging to earn funding under the completion rate bonus metric as an institution's overall completion rate approaches a high percentage.

Proposed solution: Implement a bonus to be awarded at the 75% resident graduation rate and above

Justification: These completion rates are attainable and set a high standard to better recognize and fund institutions in the top percentage of institutions nationally.

Funding: Dedicate a percentage of new funding to the bonus to be split among eligible institutions.

- ▶ If 1% new money, 10% will go toward bonus
- ▶ If 2% new money, 7.5% will go toward bonus
- ▶ If 3% new money, 5% will go toward bonus
- ▶ If 4% new money, 2.5% will go toward bonus

2021 PROPOSED PFF CHANGES

Allocation of Funding: Once an institution hits 75% completion and higher (up to 80%), it will receive a tiered amount depending on the percentage above 75%. The remainder, if any, is reallocated back into the new funding pool.

- ▶ 75% completion = 25% of the bonus
- ▶ 76% completion = 30% of the bonus
- ▶ 77% completion = 35% of the bonus
- ▶ 78% completion = 40% of the bonus
- ▶ 79% completion = 45% of the bonus
- ▶ 80% completion = 50% of the bonus



2021 PROPOSED PFF CHANGES - EXAMPLE

Example: The bonus amount is \$1,000,000.

- ▶ “Institution A” hits 76% completion and “Institution B” hits 80% completion
- ▶ “Institution A” will receive \$300,000 (or 30% of the bonus)
- ▶ “Institution B” will receive \$500,000 (or 50% of the bonus)
- ▶ The remaining \$200,000 is reallocated back into the new funding pool and distributed to all institutions based on their percentage of total funding



QUICK PELL FACTS

For 2020-21, the Pell award amount is \$6,345.

- ▶ 51% of Pell Grant recipients are from households with income under \$20,000 a year
- ▶ 89% are from households with income under \$50,000 a year
- ▶ Percentage of 6-year degree completion

Pell	Statewide
2018: 37.1%	2018: 44.7%
2017: 36.9%	2017: 42.6%
2016: 33.9%	2016: 37.2%

- ▶ Percentage of on-time completion

Pell	Statewide
2018: 25.1%	2018: 36.8%
2017: 23.7%	2017: 34.1%
2016: 20.2%	2016: 31.2%



2021 PROPOSED PFF CHANGES

At-Risk Degree Completion Metric – Increase At-Risk Per-Unit Values

Issue: Equity gaps remain prevalent in higher education, highlighting the difficulty and importance of successfully serving at-risk students.

Proposed Solution: Increase the at-risk per-unit values.

Justification: Recognizing that at-risk students often require more wrap-around and support services, it is essential that institutions are able to adequately provide the services.

Funding: Increase the current at-risk per-unit values by 25%.



PER UNIT VALUES

	"AS PASSED FY 2020-2021"	"PROPOSED FY 2022-2023"
	Per Unit Value	Per Unit Value
Overall Degree Completion Metric		
18-29 Cr Cert	\$ 1,875.00	\$ 1,875.00
1 Yr Cert	\$ 2,500.00	\$ 2,500.00
Associate	\$ 5,000.00	\$ 5,000.00
Bachelor	\$ 10,000.00	\$ 10,000.00
Master	\$ 5,000.00	\$ 5,000.00
Doctoral	\$ 2,500.00	\$ 2,500.00
At-Risk Degree Completion Metric		
18-29 Cr Cert	\$ 1,875.00	\$ 2,344.00
1 Yr Cert	\$ 2,500.00	\$ 3,125.00
Associate	\$ 5,000.00	\$ 6,250.00
Bachelor	\$ 10,000.00	\$ 12,500.00
STEM Degree Completion Metric		
18-29 Cr Cert	\$ 1,875.00	\$ 1,875.00
1 Yr Cert	\$ 2,500.00	\$ 2,500.00
Associate	\$ 5,000.00	\$ 5,000.00
Non-Research Institution Bachelor	\$ 10,000.00	\$ 10,000.00
Non-Research Institution Master	\$ 5,000.00	\$ 5,000.00
Non-Research Institution Doctoral	\$ 2,500.00	\$ 2,500.00
Research Institution Bachelor	\$ 25,000.00	\$ 25,000.00
Research Institution Master	\$ 12,500.00	\$ 12,500.00
Research Institution Doctoral	\$ 6,250.00	\$ 6,250.00
Student Persistence Metric		
15 CH	\$ 250.00	\$ 250.00
30 CH (2 YR)	\$ 500.00	\$ 500.00
30 CH (4 YR)	\$ 500.00	\$ 500.00
45 CH	\$ 1,000.00	\$ 1,000.00
60 CH	\$ 1,000.00	\$ 1,000.00
90 CH	\$ 2,000.00	\$ 2,000.00
On-Time Graduation Rate Metric		
2 Year	\$ 12,500.00	\$ 12,500.00
4 Year	\$ 25,000.00	\$ 25,000.00



REACHING HIGHER

IN A STATE OF CHANGE



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